

INITIATIVE 179

I, Ralph Munro, Secretary of State of the State of Washington and custodian of its seal, hereby certify that, according to the records on file in my office, the attached copy of Initiative Measure No. 179 to the Legislature is a true and correct copy as it was received by this office.

1 AN ACT Relating to video lottery terminals; adding a new section to
2 chapter 9.46 RCW; and creating a new section.

3 BE IT ENACTED BY THE PEOPLE OF THE STATE OF WASHINGTON:

4 NEW SECTION. **Sec. 1.** This act is intended to provide: Equality
5 for all citizens of the state of Washington who provide gaming
6 activities for social and recreational enjoyment; significant funding
7 for common school construction; for the development of sports
8 facilities throughout the state of Washington; assistance for counties
9 and cities to provide for local law enforcement; help for individuals
10 that may need assistance in controlling their desire to participate in
11 gaming activities.

12 NEW SECTION. **Sec. 2.** A new section is added to chapter 9.46 RCW
13 to read as follows:

14 (1) Video lottery terminals are authorized pursuant to approval by
15 each county and city legislative body as provided for in this section.

16 (a) Until July 1, 1998, licenses may be issued only for locations
17 with a license for on the premises consumption of alcoholic beverages
18 that were also licensed for social card games and pull-tabs by the

1 commission under this chapter. After June 30, 1998, a license may be
2 issued under this section for locations with a license for on the
3 premises consumption of alcoholic beverages.

4 (b) Only bona fide charitable or nonprofit organizations as defined
5 in RCW 9.46.0209 that hold a gambling license as of January 1, 1996,
6 will be allowed ten video lottery terminals on premises.

7 (c) Beginning July 1, 1998, organizations qualified under (b) of
8 this subsection will be allowed up to twenty video lottery terminals on
9 premises.

10 (d) Except as provided in (f) of this subsection, until July 1,
11 1998, there may be up to five video lottery terminals on premises.

12 (e) Except as provided in (f) of this subsection, beginning July 1,
13 1998, there may be up to ten video lottery terminals on premises.

14 (f) A licensed card room may have one video lottery terminal for
15 each card table in addition to those permitted under (d) and (e) of
16 this subsection.

17 (2) At least eighty percent of the amount wagered shall be returned
18 to the player from each video lottery terminal licensed under this
19 section.

20 (3)(a) Licensees shall receive fifty percent of the net win from
21 each video lottery terminal as provided for in subsection (9) of this
22 section through December 1, 2000.

23 (b) The commission shall contract for an outside review of the cost
24 of operation of video lottery terminals and the division of video
25 proceeds between total compensation paid to licensees and moneys
26 available to the state for allocation. This report shall examine the
27 costs and rates of return on video lottery terminals and of the
28 provision of space and services for the operation of such terminals.
29 The analysis shall be completed and submitted to the commission by
30 December 1, 2000.

31 (4) The remaining fifty percent of the net win from each video
32 lottery terminal as provided for in subsection (9) of this section
33 through December 1, 2000, shall be distributed by the commission as
34 follows:

35 (a) Seventy-five percent to the common school construction fund in
36 RCW 28A.515.300;

37 (b) Until July 31, 2006, twenty percent shall be allocated to
38 counties based on the number of registered voters as of March 1st of
39 each year as follows: Nine hundred thousand or more registered voters,

1 eighty percent; two hundred thousand or more registered voters, ten
2 percent of the twenty percent; ten percent of the twenty percent to the
3 remaining county; the proceeds will be distributed by each county
4 legislative authority for construction and maintenance of sports
5 facilities, the proceeds from that percentage shall revert to the
6 common school construction fund in RCW 28A.515.300 on July 31, 2006;

7 (c) Two percent of the fifty percent shall be allocated to counties
8 that authorize video lottery terminals. Distribution of the funds
9 shall be based on the number of registered voters in the county as of
10 March 1st of each year;

11 (d) Two percent of the fifty percent shall be allocated to cities
12 that authorize video lottery terminals. Distribution of the funds
13 shall be based on the number of registered voters in the city as of
14 March 1st of each year;

15 (e) One percent of the fifty percent to the commission for problem
16 gambling.

17 (5) Licensees may purchase or lease video lottery terminals only
18 from sources authorized to operate in the state by the commission.

19 (6) License fees under this section are five hundred dollars per
20 terminal per year.

21 (7) Licensees must be residents of the state of Washington.

22 (8) Ninety-five percent of the ownership of the individual
23 proprietor, partnership, or corporation owning the establishment must
24 be Washington state residents, approved by the commission. Owners of
25 establishments licensed on the effective date of this section shall be
26 grandfathered in.

27 (9) Ninety-five percent of the ownership of the individual
28 proprietor, partnership, or corporation owning the commercial route
29 operation must be Washington state residents, approved by the
30 commission. Those licensed on the effective date of this section shall
31 be grandfathered in.

32 (10) Ninety-five percent of the ownership of the individual
33 proprietor, partnership, or corporation owning the distributorship must
34 be Washington state residents, approved by the commission. Those
35 licensed on the effective date of this section shall be grandfathered
36 in.

37 (11) There is a two-year state residency requirement for
38 distributors, commercial route operators, and establishments. Those
39 licensed on the effective date of this section shall be grandfathered

1 in.

2 (12) Only certified state authorized technicians may service the
3 video lottery terminals.

4 (13) A manufacturer of video lottery terminals may not be licensed
5 as a video lottery terminal commercial operator or distributor or own,
6 manage, or control a licensed establishment.

7 (14) As used in this section, "net win" means the amount played
8 minus the amount paid to the player.

9 (15) As used in this section, "sports facilities" means baseball,
10 football, basketball, horse racing, hockey, and play field facilities.

11 (16) As used in this section "video lottery terminals" means video
12 reproductions of authorized card games that use a fifty-two card or
13 standard poker card deck that meet all of the requirements and
14 standards as set forth by the commission and that have been
15 specifically licensed and approved for use within this state by the
16 commission.

17 (17) The commission shall adopt rules to administer and enforce
18 this section.

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